



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	86,619	85,098	86,619	85,098
Cost of sales		(51,475)	(48,484)	(51,475)	(48,484)
Gross profit		35,144	36,614	35,144	36,614
Other operating income		1,692	1,391	1,692	1,391
Administration expenses		(23,011)	(28,974)	(23,011)	(28,974)
Distribution costs		(2,926)	(3,346)	(2,926)	(3,346)
Other operating expenses		(1,294)	(1,727)	(1,294)	(1,727)
Finance cost		(467)	(649)	(467)	(649)
Share of results of associated companies		(149)	2	(149)	2
Profit before taxation		8,989	3,311	8,989	3,311
Income tax expense		(3,099)	(2,227)	(3,099)	(2,227)
Profit for the period		5,890	1,084	5,890	1,084
Attributable to:					
Owners of the Company		5,910	1,314	5,910	1,314
Non-controlling interest		(20)	(230)	(20)	(230)
		5,890	1,084	5,890	1,084
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.52	0.18	0.52	0.18
- Diluted (sen)	B9	0.52	0.18	0.52	0.18
Profit for the period		5,890	1,084	5,890	1,084
Other comprehensive income, net of tax					
Foreign currency translation differences		399	(3,881)	399	(3,881)
Total comprehensive income for the period		6,289	(2,797)	6,289	(2,797)
Total comprehensive income attributable to:					
Owners of the Company		6,309	(2,567)	6,309	(2,567)
Non-controlling interest		(20)	(230)	(20)	(230)
		6,289	(2,797)	6,289	(2,797)

(The condensed consolidated statement of comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	AS AT 31.03.2021 (Unaudited) RM'000	AS AT 31.12.2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	98,510	99,599
Goodwill on consolidation	168,639	168,639
Intangible assets	1,103	1,169
Investment in joint ventures and an associate	10	-
Net investment in lease	1,150	-
Trade receivables	-	415
Deferred tax assets	3,125	2,955
	<u>272,537</u>	<u>272,777</u>
Current assets		
Inventories	40,550	59,872
Trade receivables	52,459	45,159
Other receivables	102,824	92,781
Current tax assets	4,586	2,198
Other investment	107,151	64,810
Cash and bank balances	147,029	148,894
	<u>454,599</u>	<u>413,714</u>
TOTAL ASSETS	<u>727,136</u>	<u>686,491</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,485	351,485
Reserves	(1,442)	(3,516)
Retained earnings	138,877	133,788
Equity attributable to owners of the parent	<u>488,920</u>	<u>481,757</u>
Non controlling interest	164	184
Total equity	<u>489,084</u>	<u>481,941</u>
Non-current liabilities		
Bank borrowing	B6 19,908	13,901
Contract liabilities	468	328
Lease liabilities	2,009	2,901
Employee benefits obligation	2,234	2,234
Deferred tax liabilities	4,630	4,479
	<u>29,249</u>	<u>23,843</u>
Current liabilities		
Trade payables	39,335	32,299
Other payables	112,296	127,236
Contract liabilities	9,116	4,543
Lease liabilities	5,330	6,161
Bank borrowings	B6 38,959	8,274
Current tax liabilities	3,767	2,194
	<u>208,803</u>	<u>180,707</u>
Total liabilities	<u>238,052</u>	<u>204,550</u>
TOTAL EQUITY AND LIABILITIES	<u>727,136</u>	<u>686,491</u>
Net assets per share (sen)	42.83	65.28

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	Share Capital RM'000	Retirement benefit Reserve RM'000	ESS Shares RM'000	Exchange Reserve RM'000	Share Options Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated Losses) RM'000	Equity Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2020	330,200	59	(11,161)	261	2,202	-	120,889	442,450	6,413	448,863
Share options granted under ESS	-	-	838	-	100	-	(58)	880	-	880
Revaluation reserve - allocated goodwill	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,881)	-	-	1,314	(2,567)	(230)	(2,797)
At 31 March 2020	<u>330,200</u>	<u>59</u>	<u>(10,323)</u>	<u>(3,620)</u>	<u>2,302</u>	<u>-</u>	<u>122,145</u>	<u>440,763</u>	<u>6,183</u>	<u>446,946</u>
At 1 January 2021	351,485	(305)	(2,254)	(1,209)	252	-	133,788	481,757	184	481,941
Purchase of ESS shares	-	-	(110)	-	-	-	-	(110)	-	(110)
Transfer of ESS Shares to employees	-	-	2,004	-	-	-	(821)	1,183	-	1,183
Share option granted under ESS	-	-	-	-	(219)	-	-	(219)	-	(219)
Total comprehensive income for the year	-	-	-	399	-	-	5,910	6,309	(20)	6,289
At 31 March 2021	<u>351,485</u>	<u>(305)</u>	<u>(360)</u>	<u>(810)</u>	<u>33</u>	<u>-</u>	<u>138,877</u>	<u>488,920</u>	<u>164</u>	<u>489,084</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 31.03.2021 RM'000	PRECEDING YEAR TO DATE 31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,989	3,311
Adjustment for:-		
Amortisation of development cost	66	66
Amortisation of contract liabilities	(2,089)	(881)
Depreciation of property, plant and equipment	7,392	7,281
Fair value loss on other investment	184	-
Impairment loss on property, plant and equipment	112	-
Impairment loss on receivables	1,085	425
Impairment loss on inventories	169	-
Interest expense	467	649
Interest income	(709)	(630)
Gain on disposal of property, plant and equipment	(338)	(79)
Fair value loss on contingent consideration	-	3,842
Property, plant and equipment written-off	9	-
Reversal of impairment on trade receivables	(375)	(41)
Share options granted under ESS	-	215
Share of loss/ (gain) from an associate	149	(2)
Unrealised loss/ (gain) on foreign exchange	61	(126)
Operating profit before working capital changes	15,172	14,030
Increase/(Decrease) in working capital		
Inventories	22,982	(3,374)
Trade and other receivables	(18,612)	639
Trade and other payables	(8,034)	(37,180)
Advance receipt from contract liabilities	6,685	2,925
	3,021	(36,990)
Cash generated from operations	18,193	(22,960)
Interest received	709	630
Interest paid	(327)	(649)
Tax paid	(4,094)	(6,135)
Tax refund	191	-
	(3,521)	(6,154)
Net cash generated from/ (used in) operating activities	14,672	(29,114)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(9,930)	(8,696)
Purchase of other investment	(159)	-
(Increase)/ Decrease in fixed deposits pledged	(1,182)	146
Proceeds from disposal of property, plant and equipment	411	604
Net cash used in investing activities	(10,860)	(7,946)
Cash Flows From Financing Activities		
Purchase of ESS shares	(111)	-
Proceeds from issuance of shares-ESOS	964	-
Repayment of lease liabilities	(1,866)	(2,549)
Drawdown of bank borrowings	38,700	-
Repayment of bank borrowings	(2,125)	(2,148)
Net cash generated from/ (used in) financing activities	35,562	(4,697)
Net increase in cash and cash equivalents	39,374	(41,757)
Effect of exchange rate fluctuation	105	(1,335)
Effect of fair value changes in cash and cash equivalents	(184)	-
Cash and cash equivalents at beginning of the finance period	200,314	179,401
Cash and cash equivalents at end of the finance period	239,609	136,309
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	147,029	111,559
Other investments	107,151	36,937
	254,180	148,496
Less: Fixed deposits pledged to licensed banks	(14,571)	(12,187)
	239,609	136,309

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

Part A: Explanatory notes on consolidated results for the quarter ended 31 March 2021

A1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The results for this interim period are unaudited and should be read in conjunction with the Group’s audited consolidated financial statements and the accompanying notes for the year ended 31 December 2020.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2021 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2020.

As of 1 January 2021, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
Amendments to MFRS 7, 9 and 139 <i>Interest Rate Benchmark Reform (Phase 2)</i>	1 January 2021

The adoption of these MFRSs does not have any material impact on the Group’s results and financial position.

MFRSs and Amendments to MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group and the Company.

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – <i>Proceeds before intended use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	
Amendments to MFRS 101 Presentation of Financial Statements – <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2020 was not subject to any audit qualification.



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A4. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors, other than the general economic environment in which the Group operates.

A5. Unusual Items

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.

A6. Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter.

A7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellations during the current quarter.

A8. Dividend Paid

There were no dividends paid during the quarter ended 31 March 2021.

A9. Segmental Reporting

The Group has four reportable segments, as described below, which are the Group's strategic business units of the Group. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments of the Group:

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Others (Australia, Indonesia, Myanmar and Singapore)

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:

Transaction Payment Acquisition ("TPA") comprises revenue derived from two (2) distinct components: -

- i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- ii) GHL's direct merchant acquiring and electronic payment services ("electronic payment services")

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of Electronic Data Capture ("EDC") terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Performance is measured based on core businesses revenue and geographical profit before tax and interest, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Core businesses revenue and geographical profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



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A9. Segmental Reporting (continued)

Quarter and cumulative - 31 March	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Transaction Payment Acquisition	49,098	42,550	5,609	5,015	824	2,146	14	9	(700)	(391)	54,845	49,329
Shared Services	21,277	23,907	5,717	6,486	2,183	2,792	-	-	-	-	29,177	33,185
Solution Services	1,135	1,408	669	671	444	226	352	279	(3)	-	2,597	2,584
Inter-segment sales	5,815	7,467	-	-	-	-	-	-	(5,815)	(7,467)	-	-
	77,325	75,332	11,995	12,172	3,451	5,164	366	288	(6,518)	(7,858)	86,619	85,098
RESULTS												
EBITDA	16,184	11,894	4,037	4,432	(455)	410	(875)	(402)	(2,686)	(5,659)	16,205	10,675
Interest income	703	624	6	6	-	-	-	-	-	-	709	630
Interest expense	(389)	(371)	(73)	(236)	(5)	(42)	-	-	-	-	(467)	(649)
Depreciation	(4,584)	(4,529)	(2,031)	(1,857)	(757)	(735)	(7)	(146)	(13)	(13)	(7,392)	(7,280)
Amortisation of intangible assets	(66)	(65)	-	-	-	-	-	-	-	-	(66)	(65)
Profit before taxation	11,848	7,553	1,939	2,345	(1,217)	(367)	(882)	(548)	(2,699)	(5,672)	8,989	3,311
Taxation	(2,519)	(1,813)	(734)	(702)	154	-	-	-	-	287	(3,099)	(2,228)
Minority interest	-	-	-	-	-	-	-	-	20	230	20	230
Segment profit for the financial period after non-controlling interest	9,329	5,740	1,205	1,643	(1,063)	(367)	(882)	(548)	(2,679)	(5,155)	5,910	1,313
Segmental assets	792,735	886,530	66,820	66,976	29,302	33,748	1,928	4,054	(163,650)	(364,320)	727,136	626,987
Segmental liabilities	397,821	528,703	20,061	26,227	10,759	15,913	666	2,286	(191,257)	(393,090)	238,052	180,041



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A10. Valuation of Property, Plant and Equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date. The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2020.

A11. Material Subsequent Events to the end of Current Quarter

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A13. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at the date of this report other than the following:

	RM'000
Banker's guarantee in favour of third parties	
- Secured	<u>18,878</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 31 March 2021 are as follows:

	RM'000
Approved but not contracted for	<u>8,061</u>



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PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Performance of current quarter (1Q 2021) vs corresponding quarter (1Q 2020) by segment

GHL's 1Q21 group revenue posted a marginal improvement of 1.8% yoy to RM86.6 million as compared to RM85.1 million in the corresponding period in 1Q20. The first quarter of 2021 saw the impact of a movement control order (MCO) which was implemented in Malaysia from mid-January 2021 compared with the initial movement control imposed in mid-March 2020 which was reflected in the corresponding quarter of 1Q20. 1Q21 registered pre-tax profits of RM9.0 million compared to RM3.3 million a year ago, an improvement of 171.5% yoy. 1Q21 profit after tax and minority interest was similarly higher at RM5.9 million (1Q20 PATMI RM1.3 million) due to lower operating expenses compared to the corresponding period. 1Q20 financials included a non-cash item of RM3.8 million fair value loss recognised from the shares to be issued in 2Q20 for the Paysys acquisition in 2018.

The COVID-19 lockdown and movement restrictions have been re-imposed at varying levels across ASEAN due to rising COVID-19 cases in the region as well as globally. The group's revenue in this quarter was still led by the TPA and solution services divisions but shared services registered a yoy decline. The group's balance sheet remains healthy with a net cash position of RM80.9 million (31.12.2020 – Net cash RM117.7 million).

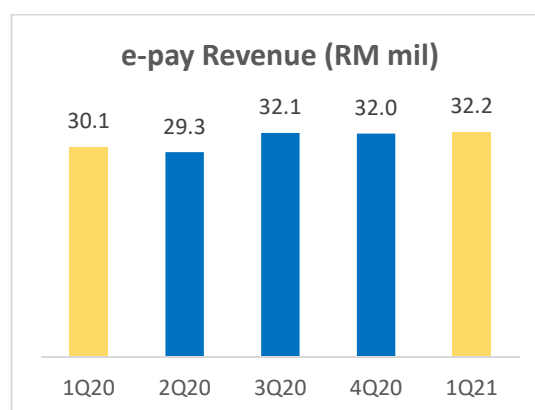
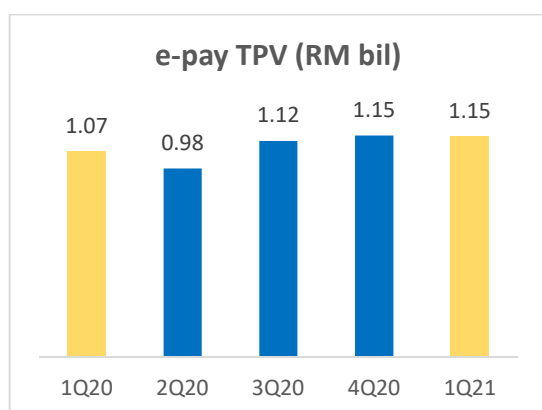
Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each in a different stage of development. These are:

- i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services. Each of these is described in more detail as follows: -

(i) e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 43,900 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and general stores. The e-pay brand is well known to consumers who use the service. With over 20 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment. A summary of key data relating to the e-pay business is found in the Table 1 below. As can be seen, the transaction value processed by e-pay grew by 7.4% yoy with a marginal dip in gross profit margin spread to 95 basis points due to the change in merchant mix where the sales occurred during the quarter under review.



(i) e-pay (reload and collection services) (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2020	1Q 2021	% change
Transaction Value Processed	1,070.1	1,149.1	7.4%
Gross Revenue	30.1	32.2	7.1%
Gross Revenue / Transaction Value (Note 1)	2.8%	2.80%	-0.3%
Gross Profit	10.5	10.9	4.1%
Gross Profit / Transaction Value (Note 1)	0.98%	0.95%	-3.1%
Merchant Footprint - e-pay Only (Thousands)	43.7	43.9	0.4%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %

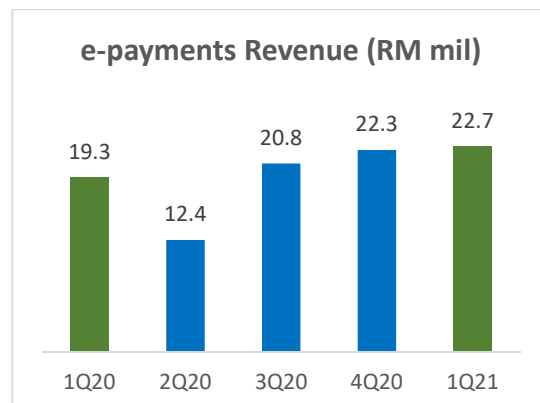
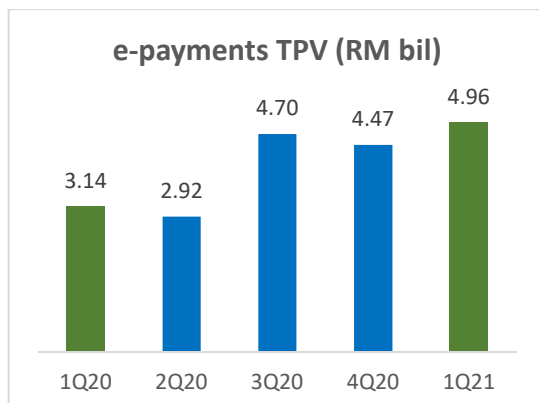
(ii) GHL (e-payment services)

This TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet providers which is expanding into ASEAN and local e-wallet providers in their respective countries. The existing GHL TPA data as shown in Table 2 comprises the following activities;

- Various Merchant Discount Rate (“MDR”) revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines.
- Domestic debit card merchant acquisition in Malaysia, Thailand and Philippines.
- Internet TPA (“eGHL”) in Malaysia, Indonesia, Thailand and Philippines.
- e-wallet providers in Malaysia, Thailand and Philippines.

A summary of key data relating to the e-payment business is found in the Table 2 below.

The transaction value processed growth remained strong at 58.3%, with a noticeable switch from offline to online transactions in 2020 compared to a year before. Gross profit/transaction margin spreads however declined to 17 basis points (1Q20 - 21 basis points) due to 1) product mix change of payment types, 2) merchant 3) geographical mix. Gross profits grew 28.6% yoy to RM8.4 million (1Q20 RM6.6 million). 1Q21 merchant discount rate and gross profit margin spreads were however impacted by Malaysia’s operations where more stringent movement controls were re-imposed in October 2020 and only relaxed in mid-February 2021 due to rising COVID-19 infections, thus impacting offline TPV.





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(ii) GHL (e-payment services) (continued)

Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2020	1Q 2021	% change
Transaction Value Processed	3,136.3	4,964.3	58.3%
Gross Revenue	19.3	22.7	17.6%
Gross Revenue / Transaction Value (Note 1)	0.61%	0.46%	-25.7%
Gross Profit	6.6	8.4	28.6%
Gross Profit / Transaction Value (Note 1)	0.21%	0.17%	-18.7%
Merchant Footprint - TPA Only (Thousands)	100.3	110.5	10.1%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %.

TPA division's revenues was up marginally by 11.2% yoy in 1Q21 to hit RM54.8 million (1Q20 – RM49.3 million) with both payments TPA and e-pay revenue registering growth. e-pay revenues were up 7.1% yoy on the back of a 7.4% yoy growth in e-pay TPV processed. Payments TPA on the other hand also showed a 17.6% yoy in revenue generated with a 58.3% yoy growth in higher TPV processed. Despite the stellar TPV growth, the blended MDR rates were impacted by the payment type mix (eg online vs offline) and merchant mix during the quarter. e-pay remains the larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and nextgen payments) are growing at a faster rate.

Some key observations during the COVID-19 pandemic were:

- 1) Despite ASEAN countries making adjustments to their COVID-19 measures and SOPs to counter increases/decreases in the rate of infections, the group's TPV captured at its payment touchpoints has proven to be resilient and barring a reimposition of a severe lockdown seen in 2Q20, the TPV going forward can improve further as the economies reopen with the ongoing vaccine drive.
- 2) health concerns amongst consumers have given cashless payments a significant boost where both consumers and merchants turning to using cards and e-wallets to conduct transactions and avoid physical cash. This behavioural change bodes well for the group's outlook.

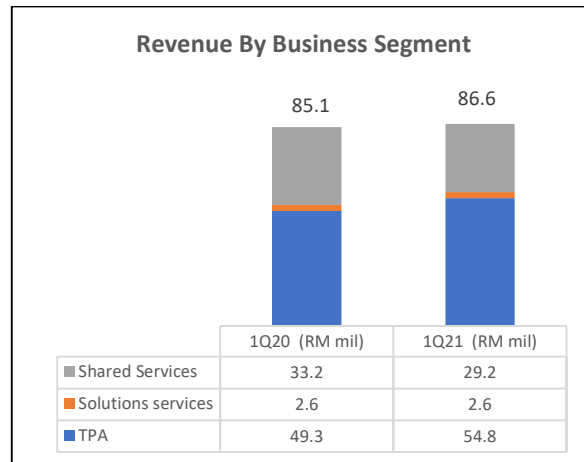
Shared Services

Shared services revenue in 1Q21 was down by -12.1% yoy to RM29.2 million (1Q20 – RM33.2 million) due to lower rental and maintenance revenue from the group's key markets which was the result of terminal retrieval by the banks throughout 2020. Although 1Q21 terminal sales revenue was marginally higher yoy, it was insufficient to offset the overall decline in revenues from this business pillar.

Solutions Services

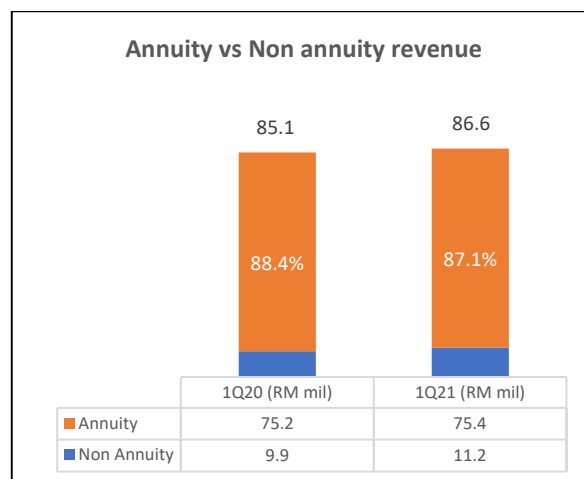
Solutions services gross revenue was flat in 1Q21 at RM2.6 million (1Q20 – RM2.6 million). No significant network hardware and software recorded during the period under review.

Table 4 Revenue by business segment



The annuity-based revenue component within the group’s total revenue remains high at 87.1% and this compared to 88.4% achieved in the same period in the previous year as the result of lower hardware sales recognised in 2020 due to the COVID-19 pandemic which had impacted the deployment of EDC terminals. Annuity based income also declined in absolute terms, as the result of lesser recurring TPA transaction captured during the lockdown months as well as lower recurring revenue/maintenance revenue from the Shared Services segment. The group’s strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main bank customers with their hardware and software requirements. As TPA recovery gathers momentum in all three geographical markets, we expect annuity revenues to remain strong and recover in the coming quarters.

Table 5 Annuity vs non-annuity revenue



Performance of current quarter (1Q 2021) vs corresponding quarter (1Q 2020) by geographical segment

GHL’s 1Q21 group revenue was up marginally at RM86.6 million compared to RM85.1 million in the corresponding 1Q20 period. The three business pillars of the group registered a mix performance whereby TPA and Solutions services registered yoy improvements but Shared Services saw rental/maintenance revenue declined due to the terminal retrievals by banks throughout the second half of 2020. Malaysia and Philippines contributed positively to the group’s EBITDA line except for Thailand which saw lower TPA revenue which was impacted from the closure of Thailand’s tourism sector. Group wise, 1Q21 registered profit before tax of RM9.0 million (1Q20 profit before tax – RM3.3 million), an improvement of 171.5% yoy.



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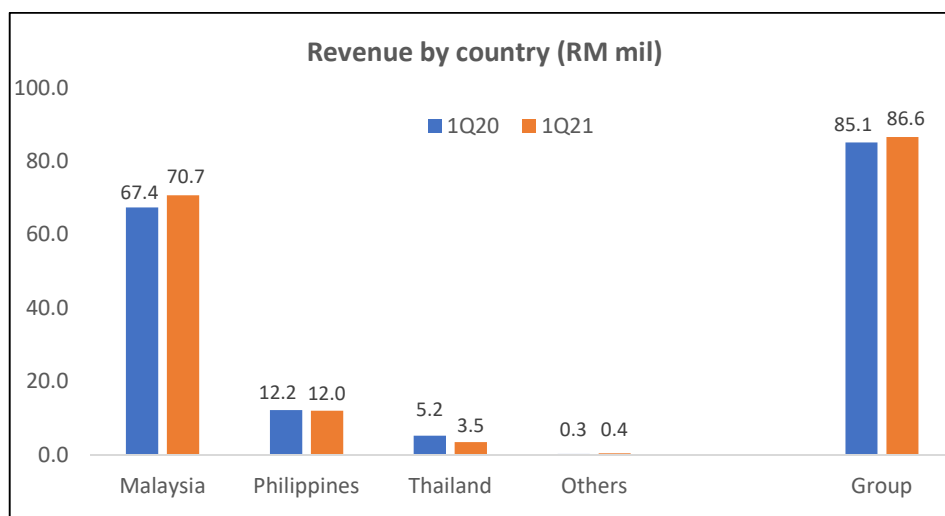
Performance of current quarter (1Q 2021) vs corresponding quarter (1Q 2020) by geographical segment (continued)

Malaysia operations accounted for 81.6% of the group revenue in 1Q21 with a 4.9% yoy improvement due to improvements in TPA but tempered by a decline in Shared and Solutions Services.

The Philippines operations was the second largest contributor, accounting for 13.8% yoy of 1Q21 group revenues at RM12.0 million (1Q20 – RM12.2 million) buoyed by an improvement in TPA revenue but dragged by lower Shared and Solutions services where rental and maintenance were down yoy.

Thailand operations’ 1Q21 revenue contributed 4.0% to the group total and declined -33.2% yoy to RM3.5 million (1Q20 RM5.2 million). The decline was mainly due to contractions in its TPA revenue as it was adversely impacted by tourism arrivals although domestic consumption on card payments improved, it was insufficient to compensate for the cross-border tourism volume. The shared services solutions were similar to the other two markets in Malaysia and Philippines where rental/maintenance revenue were also down. Solutions Services division recorded a yoy improvement due to a network project for a bank customer.

The balance of the group’s other geographical operations recorded 1Q21 revenue of RM0.4 million (1Q20 – RM0.3 million) on an ongoing maintenance projects in Australia in its Solutions service division. There was small TPA transaction revenue from Indonesia. There were no Shared solutions and TPA revenues recorded by our Australian operations for the quarter under review.



Performance of current quarter (1Q21) vs preceding quarter (4Q20) by segment

Table 3

Revenue (RM million)	4Q20	1Q21
TPA	54.7	54.8
Shared Services	29.1	29.2
Solutions Services	3.6	2.6
Group revenue	87.4	86.6
Profit Before Tax	9.0	9.0

For the first quarter ended 31 March 2021, the group recorded revenues of RM86.6 million, down -1.0% qoq over RM87.4 million recorded in 4Q20. COVID related movement control measures across the region have resulted in a flat performance across all 3 business pillars. 1Q21 PBT performance of RM9.0 million were unchanged in the preceding 4Q20.



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B2. Current Year's Prospects (FY 2021)

2021 started relatively unchanged compared to the last quarter of 2020 as the COVID-19 pandemic remain the main concern. Different countries are implementing commensurate measures to contain the spread whilst juggling and keeping their economies as open as possible. Cross border travel remains nascent but vaccination efforts potentially are kicking in and hopefully the various economies will experience a more meaningful recovery in the second half of 2021.

Given our Group's diverse range of merchant base, some of our payment touchpoints such as convenience stores, pharmacies, medical facilities, supermarkets and petrol stations are still functioning throughout the movement control period. However, as most of the businesses in the retail, leisure, tourism and other sectors are closed, our Group's TPA business remains affected but improved compared to the middle of 2Q20 where the group recorded a significant revenue dip due to lockdown measures.

With the emergence of COVID-19 vaccines towards the end of 2020, to be deployed in stages in 2021, has brought cautious optimism that 2021 will see a gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. However, due to the uncertainties on the effectiveness of the vaccines, the near-term outlook for most businesses and consumer sentiment remains cautious and the timing and extent of recovery, difficult to estimate. The group however remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

B3. Profit before Taxation

Profit before tax is arrived at after charging/(crediting) the following items:

	Quarter and Year-to-Date ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Amortisation of intangible asset	66	66
Depreciation of property, plant and equipment	7,392	7,281
Property, plant and equipment written off	9	-
(Gain)/Loss on foreign exchange:		
Realised	(51)	2
Unrealised	61	(126)
(Gain)/loss on disposal of fixed Assets	(338)	(79)
Fair value loss on other investments	184	-
Fair value loss on contingent consideration	-	3,842
Impairment loss on inventories	169	-
Impairment loss on property, plant and equipment	112	-
Impairment loss on receivables	1,085	425
Interest income	(709)	(630)
Interest expenses	467	649
Rental expenses	107	104
Reversal of allowance for doubtful debts	(375)	(41)
Share based payment	-	215



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B4. Tax expense

	Current Quarter 31.03.2021 RM'000	Year To Date 31.03.2021 RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(2,369)	(2,369)
Foreign income tax	(580)	(580)
Relating to origination and reversal of temporary differences	(150)	(150)
Total	(3,099)	(3,099)

The Group's effective tax rate for the current quarter and for the year to date ended 31 March 2021 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes.

B5. Status of Corporate Proposals

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2021 are as follows:

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
Secured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	7,339	-	34,022	-	41,361
- Philippine Peso	1,295	110	700	60	1,995	170
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	12,459	-	4,877	-	17,336
		19,908		38,959		58,867



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B7. Material Litigation

**KUALA LUMPUR HIGH COURT NO. WA-22NCvC-692-09/2019
BESTINET SDN BHD v GHL EPAYMENTS SDN BHD**

On 5 September 2019, GHL Epayments Sdn. Bhd. (“Defendant”), a wholly-owned subsidiary of GHL Systems Berhad was served with a Writ and Statement of Claim from Bestinet Sdn. Bhd. (“Plaintiff”) for claims arising from alleged misrepresentation and breach of the contract in respect to the development, management and maintenance of digital wallet.

On 30 October 2019, the Defendant has filed Statement of Defense and Counterclaim against the Plaintiff by averring, amongst others, that:

- (a) there was no misrepresentation made by the Defendant to the Plaintiff that it is an e-wallet issuer;
- (b) there was no delay on the part of the Defendant in completing the project under the contract;
- (c) the Plaintiff breached the contract by way of non-payment or failure of payment to the Defendant.

The Defendant has counterclaimed against the Plaintiff for the following:

- (a) A declaration that the termination of the contract between the Plaintiff and the Defendant (through the fee quotation dated 5.4.2017 which was accepted by the Plaintiff dated 18.4.2017) by the Plaintiff was unlawful;
- (b) The outstanding invoice no. 10000867 dated 31.12.2018 and invoice no. 2019000225 dated 31.5.2019 be paid by the Plaintiff to the Defendant;
- (c) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.1.2019 to the date of judgment;
- (d) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.6.2019 to the date of judgment;
- (e) Loss of profits in the sum of RM1,855,000.00 or alternatively loss of profits and/or loss of future profits and/or loss of opportunity to be assessed by this Honourable Court;
- (f) Post judgment interest;
- (g) Costs;
- (h) Such further and/or other reliefs deemed just and proper by this Honourable Court.

On 20 November 2019, the Plaintiff has served on eGHL with its Reply and Defense to Counterclaim. On 21 November 2019, the matter which was fixed for case management before the Registrar. The Registrar had directed the parties to file the following by 23 December 2019:

- (1) Summary of Case;
- (2) Bundle of Pleadings;
- (3) Common Bundle of Documents;
- (4) Statement of Agreed facts;
- (5) Statement of Issues to be Tried; and
- (6) List of Witnesses.

The trial for this case is still on-going. The new trial dates have been fixed from 12 July 2021 to 15 July 2021 (both dates inclusive).

As at the date of this report, there is no material financial and operational impact arising from the Suit on the Defendant and the Company.

Save as disclosed above, there are no other material litigations against the Company and its subsidiaries as at the date of this report.

B8. Dividend

No dividend has been declared for the financial quarter ended 31 March 2021.



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B9. Earnings Per Share

a) Basic earnings per share

Basic earnings per ordinary share for the financial period is calculated by dividing the (loss)/profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period.

b) Diluted earnings per share

Diluted earnings per ordinary share for the financial period is calculated by dividing the (loss)/profit for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period adjusted for the effects of dilutive potential ordinary shares.

	Quarter and Year-to-Date ended	
	31.03.2021	31.03.2020
Basic		
Profit attributable to owners of the Company (RM'000)	5,910	1,314
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,140,575	741,716
Basic earnings per ordinary share (Sen)	0.52	0.18
Diluted		
Profit attributable to owners of the Company (RM'000)	5,910	1,314
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,185	744,884
Diluted earnings per ordinary share (Sen)	0.52	0.18